

Message Text

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60

ACTION EUR-12

INFO OCT-01 ISO-00 OPIC-03 AID-05 EB-07 IGA-02 COME-00 L-03

CIAE-00 INR-07 NSAE-00 /040 W
----- 015796

R 271228Z AUG 76

FM AMCONSUL ISTANBUL

TO SECSTATE WASHDC 7922

NFO RUQMGU/AMEMBASSY ANKARA 9399

LIMITED OFFICIAL USE ISTANBUL 3363

E.O. 11652: N/A

TAGS: BDIS, EINV, TU

SUBJECT: COOLEY LOAN DIVIDENT REMITTANCES AND PROFITS

BLOCKAGE PROBLEM: AMERICAN HOME PRODUCTS CORP.

REF: STATE 211156

1. CONSULATE GENERAL, FROM CONVERSATIONS WITH FORMER WYETH MANAGER (AMCIT) UNDERSTANDS PROBLEM TO BE AS FOLLOWS. SINCE THE FIRM'S ESTABLISHMENT IN 1962, WYETH HAD NOT APPLIED FOR A PROFIT REMITTANCE. FOR THE FIRST SEVERAL YEARS, WYETH OPERATES AT A LOSS; AND ONLY IN THE PERIOD 1974-75 ACCUMULATED RESERVES TOTALLING APPROXIMATELY TL 15 MILLION. IN DECEMBER, 1975 WYETH REQUESTED PERMISSION TO REMIT ABOUT TL 7 MILLION OF THIS (TL 5 MILLION AFTER REMITTANCE TAX).

2. ACCORDING TO SYETH, THE FINANCE MINISTRY DOES NOT DISPUTE THE FIRM'S FIGURE FOR REMITTABLE PROFITS, BUT HAS REFUSED TO AUTHORIZE TRANSFER OF THE AMOUNT IN QUESTION UNLESS WYETH DEPOSITS TL 4.2 MILLION OF COOLEY LOAN RELATED PROFITS IN A BLOCKED ACCOUNT AT THE CENTRAL BANK. WYETH DOES NOT DISPUTE THE AMOUNT OF COOLEY LOAN RELATED PROFITS, WHICH MAY NOT BE REMITTED ABROAD, BUT CONTENTS THAT (A) THE MINISTRY HAS NO RIGHT TO LINK ONE ISSUE WITH THE OTHER, I.E., MAKE PERMISSION FOR PROFIT REMITTANCE CONTINGENT ON BLOCKING THE COOLEY LOAN PROFITS, AND (B) WHEN THE BLOCKING OF COOLEY LOAN PROFITS

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FIRST AROSE, OTHER COMPANIES SUED AND SUBSEQUENTLY SETTLED OUT OF

COURT TO KEEP SUCH RESERVES AS WORKING CAPITAL TO BE USED TO FINANCE EXPORTS. AT THAT TIME, WYETH HAD NO PROFITS AND WAS NOT A PARTY TO THE SETTLEMENT, BUT NOW CONTENDS THAT IT SHOULD BENEFIT FROM THE SAME CONDITIONS NEGOTIATED BY THE OTHER COMPANIES.

3. WYETH IS NOW AWARE OF ANY OTHER FIRMS IN SAME SITUATION. ABBOTT AND PFIZER, AMONG THE PHARMACEUTICAL COMPANIES, WERE AMONG THOSE WHO SETTLED. SQUIBB HAD NO COOLEY LOANS. WYETH'S ATTORNEYS AT THAT TIME WERE DISCUSSING MATTER WITH MINISTRY OFFICIALS AND WYETH HAD NOT REQUESTED U.S. GOVERNMENT INTERVENTION OR ASSISTANCE AT THAT POINT.'

4. ABOVE INFO WAS PROVIDED BY WYETH END OF APRIL, AND CONGEN IS UNAWARE OF ANY SUBSEQUENT DEVELOPMENTS.
BATJER

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Message Attributes

Automatic Decaptioning: X
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Margaret P. Grafeld
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